

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-11 LAB-06

NSAE-00 RSC-01 SIL-01 DODE-00 PA-04 USIA-15 PRS-01

SP-03 SCS-03 SCCT-02 M-02 AID-20 CCO-00 PM-07 H-03

L-03 NIC-01 NSC-07 OC-06 OPR-02 USSS-00 SCA-01 A-01

OMB-01 SS-20 SY-04 DRC-01 FRB-03 CIEP-03 TRSE-00 /164 W

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R 071210Z AUG 74

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TO SECSTATE WASHDC 7605

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E.O. 11652: N/A

TAGS: ELAB, AR

SUBJECT: LABOR MANAGEMENT RELATIONS - US FIRM MCCANN ERICKSON

1. US FIRM MCCANN ERICKSON'S JULY 31 REDUCTION IN FORCE INVOLVING 26 OF ITS 133 EMPLOYEES RESULTED IN VITRIOLIC STRIKE BY EMPLOYEES AND ANTI-US PROPAGANDA BY PICKETING UNIONISTS. PICKETS FROM NATIONAL PUBLICITY UNION FLOODED CALLE FORIDA WITH HANDBILLS SHOWING THE AMERICAN FLAG BREAKING THE SOCIAL PACT AND CHARGING THAT "MCCANN ERICKSON IS WORKING FOR THE US BY FIRING ARGENTINE WORKERS". MCCANN ERICKSON'S ACTING MANAGER MALCOLM HUNTER TOLD LABATTT THAT THE REDUCTION IN FORCE HAD BEEN NECESSARY AS THE FIRM HAS LOST APPROXIMATELY 400,000 DOLLARS DURING FIRST SIX MONTHS OF YEAR. (NOTE. GENERAL MANAGER LOCKE RESIDES IN RIO DE JANEIRO AS RESULT OF UNSETTLED SECURITY CONDITION IN ARGENTINA). HUNTER SAID THAT IN AUGUST 5 MEETING WITH MINLABOR OFFICIALS, A CONCILIATION PERIOD WAS AGREED ON, REQUIRING MCANN ERICKSON TO RE-INSTATE THE WORKERS FOR DURATION CONCILIATION. HUNTER SAID HE ADVISED MINLABOR THAT FIRM INTENDED TO MAINTAIN ITS POSITION AS REDUCTION WAS NECESSARY FOR COMPANY'S EFFECTIVE MANAGEMENT.

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2. COMMENT. REPORTEDLY, THE LEFTIST PERONIST YOUTH (JTP) IS
SUPPORTING THE STRIKERS, WHO RETURNED TO WORK ON AUGUST 6.
IF SO, THE ANTI-AMERICAN PROPAGANDA AND THE VIRULENT REACTION
OF THE WORKERS IS MORE UNDERSTANDABLE.
HILL

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